



Publication

BC ECONOMIC SNAPSHOT

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EMPLOYMENT UP IN NOVEMBER, BUT JOB MARKET STILL WEAK

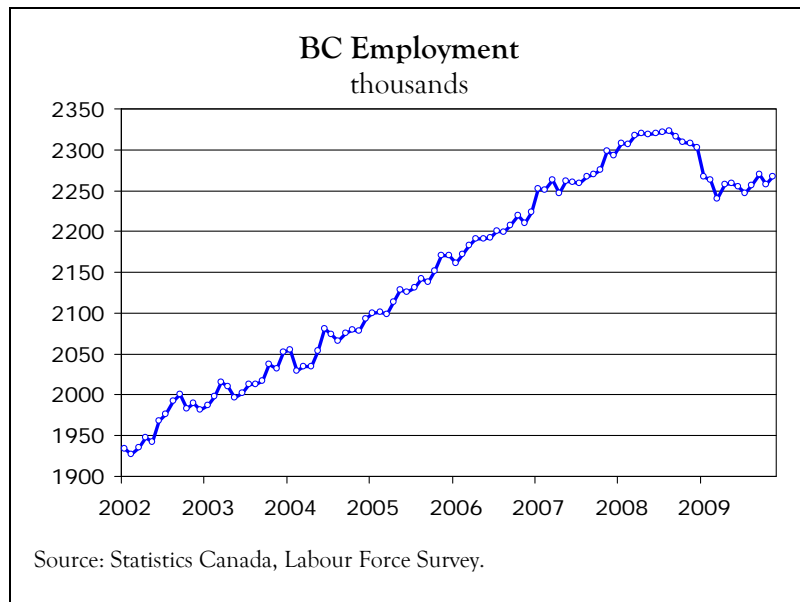
After tumbling in the second half of 2008, the number of jobs in the province has stabilized and even edged higher in 2009. In November, Statistics Canada reported a healthy monthly increase of 10,000 jobs. And this follows other modest gains in recent months. Against the backdrop of an improving global economy and evidence of an upturn in the provincial economy, the job numbers are good news.

It is, however, premature to say that BC's job market is truly on the mend. The main reason for caution is that the headline employment number does not tell the whole story. Breaking down the labour market into three broad classes - private sector employees, public sector employees and self employment - reveals very different patterns and, in particular, underscores the ongoing weakness in private sector employment.

The number of **employees in the private sector** in BC is now down a full 116,000 (a 7.8% decline) from the March 2008 peak and continues to trend lower.

In contrast, the number of **employees in the public sector** is up 20,000 over the same period. It should be noted that is the broad public sector, and the recent increases mostly reflect job growth in the health care industry and a bit in education and public administration for all three levels of government. The third category, **self employment**, is now up 50,000 (11.5%) from the outset of the recession that we believe began some 20 months ago.

From these broad categories it is clear that the majority of the job growth is in the self employment category while the number of employees in the private sector is still declining. Ultimately this latter segment is the engine of the economy, so before we can begin talking about a meaningful job market recovery there will need to see an upturn in private sector hiring. The rise in self employment is helpful, but a significant number of these people were laid off over the past year and are now working for themselves. Some of them will develop





viable businesses and with time take on new employees, but the vast majority are working on their own while they look for alternative employment and wait for the job market to improve.

In the context of the overall health of the job market, it is also worth noting that BC's **unemployment rate** has gone from a near-record low of around 4% to 8.3%. With a workforce of more than 2.4 million, this means there are now 200,000 people looking for work in the province. On top of this are a growing number of "discouraged workers" – people who are no longer actively looking for work and therefore are not officially counted as unemployed.

Many of the lost jobs have been in the export/trade oriented sectors, suggesting that a sustained recovery in the US economy and in global trade flows will be

necessary before hiring activity picks up. The construction industry has also been a source of substantial job losses. While there has been a recovery in the residential sector, overall construction activity is still well shy of where it was two years ago.

The bottom line is it will take time for the job market to recover and regain the ground lost since mid-2008. Many employers in BC are still looking to cut costs. Those who have weathered the downturn are likely to remain reluctant to expand their workforces without tangible evidence that economic conditions have changed for the better.

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